

**UNIFIED SCHOOL DISTRICT NO. 409**  
Atchison, Kansas

REGULATORY BASIS  
FINANCIAL STATEMENTS  
For the year ended June 30, 2018

And

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

...*KL*...

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Atchison, Kansas  
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Atchison, Kansas

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**Karlin & Long, LLC**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

Board of Education  
Unified School District No. 409  
Atchison, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 409, Atchison, Kansas as of and for the year ended June 30, 2017, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by the Unified School District No. 409, Atchison Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 409, Atchison, Kansas as of June 30, 2017, or changes in financial position and cash flows thereof for the year then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 409, Atchison, Kansas as of June 30, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

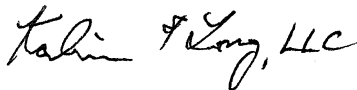
***Other Matters***

***Other Reporting Required by Government Auditing Standards***

In accordance with “Government Auditing Standards”, we have also issued our report dated December 3, 2018, on our consideration of the District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Audit Standards” and should be considered in assessing the results of our audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, Schedule of receipts and expenditures – nonbudgeted funds, schedule of regulatory basis receipts and expenditures-district activity funds, and summary of receipts and expenditures-agency funds (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompany schedule of expenditures of federal awards is presented for purposes of additional analysis as required but U.S Office of Management and Budget “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.



Karlin & Long, LLC  
Certified Public Accountants

Lenexa, KS  
December 3, 2018

## USD #409 ATCHISON, KANSAS

Summary Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>General Funds</b>							
General	\$ -	\$ -	\$ 11,528,506	\$ 11,528,506	\$ -	\$ -	\$ -
Supplemental General	184,659	-	3,839,718	3,788,184	236,193	-	236,193
Special Purpose Funds							
4-year old at risk	38,566	-	75,315	75,315	38,566	-	38,566
K-12 at risk	245,524	-	3,519,092	3,519,092	245,524	-	245,524
Bilingual Education	-	-	20,000	20,000	-	-	-
Capital outlay	2,607,138	-	956,627	558,260	3,005,505	-	3,005,505
Driver education	10,425	-	10,748	20,691	482	-	482
Food service	421,506	-	838,925	836,324	424,107	-	424,107
KPERS special retirement contribution	-	-	1,373,728	1,373,728	-	-	-
Professional development	51,141	-	7,459	37,739	20,861	-	20,861
Parent education	-	-	16,500	16,500	-	-	-
Special education	540,902	-	3,709,400	3,708,469	541,833	-	541,833
Career and Postsecondary Education	77,485	-	308,259	308,259	77,485	-	77,485
Gifts and grants	70,204	-	65,189	71,734	63,659	-	63,659
Contingency reserve	1,069,630	-	-	257,150	812,480	-	812,480
Textbook rental	294,269	-	74,548	38,553	330,264	-	330,264
Title I	24,855	-	438,704	456,663	6,896	-	6,896
Carl Perkins	1,349	-	19,995	18,514	2,830	-	2,830
Title IIA	-	-	63,747	57,214	6,533	-	6,533
Gate receipts	12,739	-	107,440	108,331	11,848	-	11,848
District activity funds	97,400	-	268,738	256,426	109,712	-	109,712
Debt service fund:							
Bond and interest	2,142,958	-	2,275,501	1,924,315	2,494,144	-	2,494,144
Capital Project:							
Bond Proceeds	221,787	-	-	-	221,787	-	221,787
Total primary government	8,112,537	-	29,518,139	28,979,967	8,650,709	-	8,650,709
Component unit:							
Atchison Recreation Commission: General	204,798	-	404,225	405,194	203,829	-	203,829
Atchison Recreation Commission: Employee Benefit	44,044	-	68,012	76,123	35,933	-	35,933
Total component unit	248,842	-	472,237	481,317	239,762	-	239,762
Total reporting entity (excluding agency funds)	8,361,379	-	29,990,376	29,461,284	8,890,471	-	8,890,471
Composition of Cash							
Checking Accounts						\$	8,774,495
Petty Cash							-
Total Component Unit							239,762
Total Cash							9,014,257
Agency Funds per Statement 4							123,786
Total Reporting Entity						\$	8,890,471

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies**

**Financial Reporting Entity**

USD No. 409 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No. 409 (b) organizations for which USD No. 409 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No. 409 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely presented component unit. The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District. The governing body of this component unit is appointed by the District.

Recreation Commission USD No. 409 Recreation Commission oversees recreational activities. The Recreation commission operates a separate governing body but the District levies the taxes for the Recreation Commission and the Recreation commission has only the powers granted by statute, K.S.A. 12-1928. The Recreation Commission cannot purchase real property but can acquire real property by gift. The accounting policies of the USD No. 409 Recreation Commission are the same as those of the District.

**Fund Descriptions**

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2018:

**Governmental Funds**

**General Fund**– The chief operating fund. Used to account for the resources except those required to be accounted for in another fund.



UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Special Purpose Funds** – Used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long term debt) that are intended for specified purposes.

**Bond and Interest Funds** – Used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

**Capital Project Funds** – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

**Fiduciary Funds**

**Agency Funds** – Funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, activity accounts, etc.).

**Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America**

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

**Reimbursed Expenses**

Expenditures in the amount of \$ 50,878 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

**Reimbursed Expenses (continued)**

which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement

**Budgetary Information**

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no amendments for the year 2018.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the district for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.

Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special purpose funds:

Book Grant	Title IIA Fund
Carl Perkins	Contingency Reserve Fund
District Activity Funds	Textbook Rental Fund
Title I Fund	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**Inventories and Prepaid Expenses**

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

**Use of Estimates**

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – Deposits and Investments**

**Deposits**

K.S.A. 9-1401 establishes the depositories which may be used by the district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the district is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the district's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices. The district had no investments during 2018.

**Concentration of Credit Risk**

State statutes place no limit on the amount the district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2018.

At June 30, 2018, the government's carrying amount of deposits was \$ 9,014,257 and the bank balance was \$ 9,685,959. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$ 250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – Deposits and Investments (continued)**

**Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

**NOTE 3 – In-Substance Receipt in Transit**

The district received \$907,251 subsequent to June 30, 2018 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2018.

**NOTE 4 – Defined Benefit Pension Plan**

**Plan Description** – USD 409 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Contributions** – K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015 Kansas law established the KPERS member-employee contributions rate of 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium for the period of July 1, 2017 through September 30, 2017 for the Death and Disability Program) was 10.81% for the fiscal year ended June 30, 2017 the actuarially determined

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

**NOTE 4 – Defined Benefit Pension Plan (continued)**

employer contribution rate was 12.01% for the fiscal year June 30, 2018, Per 2016 House Substitute for Senate Bill 161, Section 98(a)(1), state general fund expanded lottery act revenue funds for employer contributions to KPERS deferred. The amount deferred for school contributions was \$92,917,091 for the fiscal year ended June 30, 2016 and the anticipated repayments per SB249 for nullified per HB2052 during the year 2017

The State of Kansas contribution to KPERS for all school municipalities for the year ending June 30, 2017, received as of June 30<sup>th</sup> was \$304,596,361. Per the 2017 Senate Substitute for the House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64,130,234 for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at level dollar amount commencing in fiscal year 2018. The level dollar was computed to be \$6.4 million dollars per year.

The State of Kansas is required to contribute the statutory required employers share except for the retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$1,373,728 for the year ended June 30, 2018

**Net Pension Liability** At June 30, 2018 the District's proportionate share of collective net pension liability reported by KPERS was \$15,831,905. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The Districts proportion of the net pension liability was based on the ratio of the Districts contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2017. Since KMAAG regulatory basis of accounting does not recognize long –term debt, this liability is not reported in these financial statements. The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publically available on the website [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

**NOTE 5 – Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the district carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – Stewardship, Compliance and Accountability**

There were no violations noted of Kansas Statutes for the period under examination.

**NOTE 7 – Compensated Absences**

Full time, twelve month, non-certified employees earn ten days of vacation time per year. After twelve years, fifteen days of vacation time are earned per year. Vacation time does not accumulate. Sick and emergency leave is accrued at the rate of one day per month worked during the year for all employees, with a maximum accumulation of ninety days. Any days accumulated over ninety are paid the following year at 65% of the beginning pay scale rates. Such pay is made in November after the end of the fiscal year. Certified staff members who retire and apply for KPERS receive their unused sick and emergency leave at their daily rate. The district has not computed or recorded the liability at year end.

**NOTE 8 – Indebtedness**

The District is subject to the statutes of the State of Kansas that limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible taxable property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2018, the statutory limit for the district was \$12,657,848 thus creating excess indebtedness of \$4,712,152. The outstanding bond principal represents 19.21% of the District valuation. The District has received approval from the Kansas State Board of Education to exceed the general bond debt limitation on February 11, 2003.

**NOTE 9 – Contingency**

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

**NOTE 11 – Interfund Transactions**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Bilingual Fund	K.S.A 72-6428	\$ 20,000
General Fund	Drivers Education Fund	K.S.A 72-6428	5,500
General Fund	Food Service	K.S.A 72-6428	181
General Fund	Professional Developmental	K.S.A 72-6428	7,459
General Fund	Career and Postsecondary	K.S.A 72-6428	169,259
General Fund	Special Education Fund	K.S.A 72-6428	1,681,080
General Fund	At Risk K-12	K.S.A 72-6428	2,099,092
General Fund	At Risk (4 Year Old)	K.S.A 72-6428	37,226
Supplemental General Fund	Special Education Fund	K.S.A 72-6425	1,378,456
Supplemental General Fund	Career and Postsecondary	K.S.A 72-6425	139,000
Supplemental General Fund	Parent Education Fund	K.S.A 72-6425	16,500
Supplemental General Fund	At Risk K-12	K.S.A 72-6425	1,420,000
Supplemental General Fund	At Risk (4 Year Old)	K.S.A 72-6425	38,089
Contingency Fund	Supplemental General Fund	K.S.A 72-6426	257,150

**NOTE 12 – Subsequent Events**

Subsequent events for management's review have been evaluated through December 3, 2018. The date in the prior sentence is the date the financial statements were available to be issued.



USD #409 ATCHISON, KANSAS  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

**Note 13 - Long Term Debt**

Changes in long-term liabilities for the District for the year ended June 30, 2018 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>										
Series 2011-B	3.00%	12/15/11	6,145,000	9/1/22	\$ 6,080,000	\$	\$ 0	\$ 0	\$ 6,080,000	\$ 182,400
Series 2013-A	3.00%	9/1/13	13,625,000	9/1/31	11,825,000		1,340,000	(1,340,000)	10,485,000	370,069
Series 2013-B	3.00%	3/1/14	980,000	9/1/34	805,000		0	0	805,000	31,846
<b>Leases</b>										
Computer Equipment	2.12%	5/5/16	475,144	5/5/19	240,390		119,419	(119,419)	120,971	3,125
Total Long Term Debt					\$ 18,950,390	\$ 0	\$ 1,459,419	\$ (1,459,419)	\$ 17,490,971	\$ 587,440
Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:										
		2019	2020	2021	2022	2023	2024-2028	2029-2033	Total	
<b>Principal</b>										
General Obligation Bonds		\$ 1,250,000	\$ 1,420,000	\$ 1,345,000	\$ 1,430,000	\$ 1,540,000	\$ 7,860,000	2,525,000	\$	\$ 17,370,000
Special Assessment Bonds										-
Certificates of Participation										-
Capital Leases		120,971								120,971
Revenue Bonds										-
KDHE Loans										-
Temporary Notes										-
Total Principal		1,370,971	1,420,000	1,345,000	1,430,000	1,540,000	7,860,000	2,525,000		17,490,971
<b>Interest</b>										
General Obligation Bonds		545,466	505,416	463,941	422,316	379,340	1,327,181	157,134		3,800,794
Special Assessment Bonds										-
Certificates of Participation										-
Capital Leases		1,573								1,573
Revenue Bonds										-
KDHE Loans										-
Temporary Notes										-
Total Interest		547,039	505,416	463,941	422,316	379,340	1,327,181	157,134		3,802,367
Total Principal and Interest		\$ 1,918,010	\$ 1,925,416	\$ 1,883,941	\$ 1,767,316	\$ 1,809,340	\$ 2,867,181	\$ 2,682,134		\$ 21,293,338

**Unified School District No. 409, Atchison Kansas**

**Regulatory-Required**

**Supplementary Information**

**For the year ended June 30, 2018**

## USD #409 ATCHISON, KANSAS

Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2018

Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General fund	\$ 11,559,714	\$ (82,086)	\$ 50,878	\$ 11,528,506	\$ 11,528,506	\$ -
Supplemental General	3,814,025	(25,841)	0	3,788,184	3,788,184	0
Special Purpose Funds						
4-year old at risk	123,995	0	0	123,995	75,315	(48,680)
K-12 at risk	3,628,374	0	0	3,628,374	3,519,092	(109,282)
Bilingual Education	40,000	0	0	40,000	20,000	(20,000)
Capital outlay	3,352,354	0	0	3,352,354	558,260	(2,794,094)
Driver education	21,225	0	0	21,225	20,691	(534)
Food service	1,132,648	0	0	1,132,648	836,324	(296,324)
KPERS special retirement contribution	1,732,713	0	0	1,732,713	1,373,728	(358,985)
Professional development	98,201	0	0	98,201	37,739	(60,462)
Parent education	17,300	0	0	17,300	16,500	(800)
Special education	4,334,261	0	0	4,334,261	3,708,469	(625,792)
Career and Postsecondary Education	397,201	0	0	397,201	308,259	(88,942)
Gifts and grants	173,766	0	0	173,766	71,734	(102,032)
Bond and interest	1,924,316	0	0	1,924,316	1,924,315	(1)
Component Units						
Atchison Recreation Commission: General	412,388	0	0	412,388	405,194	(7,194)
Atchison Recreation Commission: Employee Benefit	78,250	0	0	78,250	76,123	(2,127)

USD #409 ATCHISON, KANSAS  
GENERAL FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants	11,477,628	11,559,714	(82,086)
Charges for services			-
Interest income			-
Miscellaneous revenues	50,878		50,878
Operating transfers			-
	<u>11,528,506</u>	<u>11,559,714</u>	<u>(31,208)</u>
<b>EXPENDITURES</b>			
Instruction	3,434,604	3,472,996	(38,392)
Student support services	250,435	284,828	(34,393)
Instruction support staff	106,219	115,881	(9,662)
General administration	438,142	461,696	(23,554)
School administration	941,809	961,198	(19,389)
Operations and maintenance	1,807,100	1,638,800	168,300
Student transportation services	431,567	373,000	58,567
Central support services	98,833	96,204	2,629
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers	4,019,797	4,155,111	(135,314)
Adjustment to comply with legal max		(82,086)	82,086
Adjustment for qualifying budget credits		50,878	(50,878)
	<u>11,528,506</u>	<u>\$ 11,528,506</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	\$ -		

USD #409 ATCHISON, KANSAS  
SUPPLEMENTAL GENERAL FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,284,328	\$ 1,422,068	\$ (137,740)
Delinquent tax	31,081	20,864	10,217
Motor vehicle tax	150,552	130,706	19,846
RV tax	1,301	1,015	286
Commercial vehicle tax	3,623	3,279	344
Federal grants			-
State aid/grants	2,111,293	2,111,293	-
Charges for services			-
Interest income			-
Miscellaneous revenues	390	430	(40)
Operating transfers	<u>257,150</u>	<u>257,150</u>	<u>-</u>
Total Cash Receipts	<u>3,839,718</u>	<u>3,946,805</u>	<u>(107,087)</u>
<b>EXPENDITURES</b>			
Instruction	195,472	228,278	(32,806)
Student support services			-
Instruction support staff	239,269	236,334	2,935
General administration			-
School administration	292,893	402,000	(109,107)
Operations and maintenance	68,505	66,150	2,355
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers	2,992,045	2,881,263	110,782
Adjustment to comply with legal max		(25,841)	25,841
Adjustment for qualifying budget credits			<u>-</u>
Total Expenditures	<u>3,788,184</u>	<u>\$ 3,788,184</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	51,534		
Unencumbered Cash, Beginning	184,659		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 236,193</u>		

USD #409 ATCHISON, KANSAS  
 AT RISK FUND (4-year old)  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>75,315</u>	<u>85,428</u>	<u>(10,113)</u>
Total Cash Receipts	<u>75,315</u>	<u>85,428</u>	<u>(10,113)</u>
<b>EXPENDITURES</b>			
Instruction	75,315	123,995	(48,680)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>75,315</u>	<u>\$ 123,995</u>	<u>\$ (48,680)</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	38,566		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 38,566</u>		

USD #409 ATCHISON, KANSAS  
 AT RISK FUND (K-12)  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>3,519,092</u>	<u>3,382,852</u>	<u>136,240</u>
Total Cash Receipts	<u>3,519,092</u>	<u>3,382,852</u>	<u>136,240</u>
<b>EXPENDITURES</b>			
Instruction	3,160,322	3,287,559	(127,237)
Student support services	137,667	121,549	16,118
Instruction support staff	93,846	89,023	4,823
General administration			-
School administration	126,685	129,743	(3,058)
Operations and maintenance	572	500	72
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>3,519,092</u>	<u>\$ 3,628,374</u>	<u>\$ (109,282)</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	245,524		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>245,524</u>		

USD #409 ATCHISON, KANSAS  
 BILINGUAL EDUCATION  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>20,000</u>	<u>40,000</u>	<u>(20,000)</u>
Total Cash Receipts	<u>20,000</u>	<u>40,000</u>	<u>(20,000)</u>
<b>EXPENDITURES</b>			
Instruction	20,000	40,000	(20,000)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>20,000</u>	<u>\$ 40,000</u>	<u>\$ (20,000)</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ -</u>		



USD #409 ATCHISON, KANSAS  
 CAPITAL OUTLAY FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 408,579	\$ 383,824	\$ 24,755
Delinquent tax	6,313	6,641	(328)
Motor vehicle tax	43,953	41,607	2,346
RV tax	381	324	57
Commercial vehicle tax	974	1,045	(71)
Federal grants			-
State aid/grants	217,486	235,074	(17,588)
Charges for services			-
Interest income	132,274	45,000	87,274
Miscellaneous revenues	146,667	31,747	114,920
Operating transfers			-
Total Cash Receipts	<u>956,627</u>	<u>745,262</u>	<u>211,365</u>
<b>EXPENDITURES</b>			
Instruction	197,982	2,300,000	(2,102,018)
Student support services	19,762		19,762
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance	340,516	1,052,354	(711,838)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>558,260</u>	<u>\$ 3,352,354</u>	<u>\$ (2,794,094)</u>
Receipts Over (Under) Expenditures	398,367		
Unencumbered Cash, Beginning	2,607,138		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 3,005,505</u>		

USD #409 ATCHISON, KANSAS  
 DRIVER TRAINING FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants	5,248	5,600	(352)
Charges for services			-
Interest income			-
Miscellaneous revenues	5,500	5,200	300
Operating transfers			-
	<u>10,748</u>	<u>10,800</u>	<u>(52)</u>
<b>EXPENDITURES</b>			
Instruction	20,691	21,225	(534)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>20,691</u>	<u>\$ 21,225</u>	<u>\$ (534)</u>
<b>Total Expenditures</b>	<u>20,691</u>	<u>\$ 21,225</u>	<u>\$ (534)</u>
 Receipts Over (Under) Expenditures	 (9,943)		
Unencumbered Cash, Beginning	10,425		
Prior Year Cancelled Encumbrances	<u>-</u>		
 Unencumbered Cash, Ending	 \$ <u>482</u>		

USD #409 ATCHISON, KANSAS  
 FOOD SERVICE FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants	662,757	605,651	57,106
State aid/grants	8,068	6,962	1,106
Charges for services	140,192	145,531	(5,339)
Interest income	5,455	1,000	4,455
Miscellaneous revenues	22,272	20,000	2,272
Operating transfers	181		181
	<u>838,925</u>	<u>779,144</u>	<u>59,781</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations	836,324	1,132,648	(296,324)
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>836,324</u>	<u>\$ 1,132,648</u>	<u>\$ (296,324)</u>
<b>Total Expenditures</b>	<u>836,324</u>	<u>\$ 1,132,648</u>	<u>\$ (296,324)</u>
Receipts Over (Under) Expenditures	2,601		
Unencumbered Cash, Beginning	421,506		
Prior Year Cancelled Encumbrances	<u>-</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 424,107</u>		

USD #409 ATCHISON, KANSAS  
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>1,373,728</u>	<u>1,732,713</u>	<u>(358,985)</u>
Total Cash Receipts	<u>1,373,728</u>	<u>1,732,713</u>	<u>(358,985)</u>
<b>EXPENDITURES</b>			
Instruction	963,286	950,000	13,286
Student support services	74,090	200,000	(125,910)
Instruction support staff	43,207	100,000	(56,793)
General administration	52,268	125,000	(72,732)
School administration	106,239	200,000	(93,761)
Operations and maintenance	86,379	75,000	11,379
Student transportation services		20,000	(20,000)
Central support services	8,534	12,713	(4,179)
Other support services			-
Food service operations	39,725	50,000	(10,275)
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>1,373,728</u>	<u>\$ 1,732,713</u>	<u>\$ (358,985)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ 0</u>		

USD #409 ATCHISON, KANSAS  
PROFESSIONAL DEVELOPMENT FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants		5,000	(5,000)
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>7,459</u>	<u>42,059</u>	<u>(34,600)</u>
Total Cash Receipts	<u>7,459</u>	<u>47,059</u>	<u>(39,600)</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff	37,739	98,201	(60,462)
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>37,739</u>	<u>\$ 98,201</u>	<u>\$ (60,462)</u>
Receipts Over (Under) Expenditures	(30,280)		
Unencumbered Cash, Beginning	51,141		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>20,861</u>		

USD #409 ATCHISON, KANSAS  
PARENT EDUCATION FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>16,500</u>	<u>17,300</u>	<u>(800)</u>
Total Cash Receipts	<u>16,500</u>	<u>17,300</u>	<u>(800)</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services	16,500	17,300	(800)
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>16,500</u>	<u>\$ 17,300</u>	<u>\$ (800)</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	\$ <u>-</u>		

USD #409 ATCHISON, KANSAS  
SPECIAL EDUCATION FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants	614,578	644,340	(29,762)
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues	35,286		35,286
Operating transfers	<u>3,059,536</u>	<u>3,149,019</u>	<u>(89,483)</u>
Total Cash Receipts	<u>3,709,400</u>	<u>3,793,359</u>	<u>(83,959)</u>
<b>EXPENDITURES</b>			
Instruction	2,603,777	3,285,699	(681,922)
Student support services	585,859	523,576	62,283
Instruction support staff			-
General administration	154,196	153,218	978
School administration			-
Operations and maintenance			-
Student transportation services	364,637	371,768	(7,131)
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>3,708,469</u>	<u>\$ 4,334,261</u>	<u>\$ (625,792)</u>
Receipts Over (Under) Expenditures	931		
Unencumbered Cash, Beginning	540,902		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 541,833</u>		

USD #409 ATCHISON, KANSAS  
 CAREER AND POSTSECONDARY EDUCATION FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>308,259</u>	<u>319,716</u>	<u>(11,457)</u>
Total Cash Receipts	<u>308,259</u>	<u>319,716</u>	<u>(11,457)</u>
<b>EXPENDITURES</b>			
Instruction	308,259	397,201	(88,942)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>308,259</u>	<u>\$ 397,201</u>	<u>\$ (88,942)</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	77,485		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>77,485</u>		



USD #409 ATCHISON, KANSAS  
 GIFTS AND GRANTS FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants	29,284		29,284
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues	35,905	125,000	(89,095)
Operating transfers			-
	<u>65,189</u>	<u>125,000</u>	<u>(59,811)</u>
<b>EXPENDITURES</b>			
Instruction	71,734	173,766	(102,032)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>71,734</u>	<u>\$ 173,766</u>	<u>\$ (102,032)</u>
<b>Total Expenditures</b>	<u>71,734</u>	<u>\$ 173,766</u>	<u>\$ (102,032)</u>
 Receipts Over (Under) Expenditures	 (6,545)		
Unencumbered Cash, Beginning	70,204		
Prior Year Cancelled Encumbrances	<u>-</u>		
 Unencumbered Cash, Ending	 \$ <u>63,659</u>		

USD #409 ATCHISON, KANSAS  
 RECREATION COMMISSION - GENERAL FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 252,771	\$ 214,368	\$ 38,403
Delinquent tax	4,288	3,768	520
Motor vehicle tax	26,316	23,603	2,713
RV tax	217	184	33
Commercial vehicle tax		592	(592)
Federal grants			-
State aid/grants			-
Charges for services	120,633	75,000	45,633
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>404,225</u>	<u>317,515</u>	<u>86,710</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Community service operations	405,194	412,388	(7,194)
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>405,194</u>	<u>\$ 412,388</u>	<u>\$ (7,194)</u>
<b>Total Expenditures</b>	<u>405,194</u>	<u>\$ 412,388</u>	<u>\$ (7,194)</u>
Receipts Over (Under) Expenditures	(969)		
Unencumbered Cash, Beginning	204,798		
Prior Year Cancelled Encumbrances	<u>-</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 203,829</u>		

USD #409 ATCHISON, KANSAS  
 RECREATION COMMISSION - EMPLOYEE BENEFITS FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 59,331	\$ 50,191	\$ 9,140
Delinquent tax	1,187	1,137	50
Motor vehicle tax	7,433	7,126	307
RV tax	61	55	6
Commercial vehicle tax		179	(179)
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
Total Cash Receipts	<u>68,012</u>	<u>58,688</u>	<u>9,324</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Community service operations	76,123	78,250	(2,127)
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>76,123</u>	<u>\$ 78,250</u>	<u>\$ (2,127)</u>
Receipts Over (Under) Expenditures	(8,111)		
Unencumbered Cash, Beginning	44,044		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 35,933</u>		

USD #409 ATCHISON, KANSAS  
 BOND AND INTEREST FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,130,450	\$ 1,001,657	\$ 128,793
Delinquent tax	21,720	18,363	3,357
Motor vehicle tax	119,015	115,055	3,960
RV tax	1,031	894	137
Commercial vehicle tax	2,641	2,887	(246)
Federal grants			-
State aid/grants	1,000,644	1,000,644	-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>2,275,501</u>	<u>2,139,500</u>	<u>136,001</u>
<b>Total Cash Receipts</b>			
	<u>2,275,501</u>	<u>2,139,500</u>	<u>136,001</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service	1,924,315	1,924,316	(1)
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>1,924,315</u>	<u>1,924,316</u>	<u>(1)</u>
<b>Total Expenditures</b>			
	<u>1,924,315</u>	<u>\$ 1,924,316</u>	<u>\$ (1)</u>
Receipts Over (Under) Expenditures	351,186		
Unencumbered Cash, Beginning	2,142,958		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>2,494,144</u>		

USD #409 ATCHISON, KANSAS  
 ANY NONBUDGETED FUNDS  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax		\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			438,704
State aid/grants			
Charges for services	74,548		
Interest income			
Miscellaneous revenues			
Operating transfers			
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	<u>74,548</u> x	<u>-</u> x	<u>438,704</u>
<b>EXPENDITURES</b>			
Instruction	33,066		456,663
Student support services			
Instruction support staff	5,487		
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers		257,150	
Adjustment for qualifying budget credits			
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>38,553</u>	<u>257,150</u>	<u>456,663</u>
Receipts Over (Under) Expenditures	35,995	(257,150)	(17,959)
Unencumbered Cash, Beginning	294,269	1,069,630	24,855
Prior Year Cancelled Encumbrances	<hr/>	<hr/>	<hr/>
	-	-	-
Unencumbered Cash, Ending	<u><u>330,264</u></u>	<u><u>\$ 812,480</u></u>	<u><u>\$ 6,896</u></u>

USD #409 ATCHISON, KANSAS  
 ANY NONBUDGETED FUNDS  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2018

	<u>Carl Perkins</u>	<u>Title IIA</u>
<b>CASH RECEIPTS</b>		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants	19,995	63,747
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<u>19,995</u>	<u>63,747</u>
<b>EXPENDITURES</b>		
Instruction	18,514	57,214
Student support services		
Instruction support staff		
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u>18,514</u>	<u>57,214</u>
<b>Total Expenditures</b>	<u>18,514</u>	<u>57,214</u>
 Receipts Over (Under) Expenditures	 1,481	 6,533
Unencumbered Cash, Beginning	1,349	-
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
 Unencumbered Cash, Ending	 <u>\$ 2,830</u>	 <u>\$ 6,533</u>

USD #409 ATCHISON, KANSAS  
DISTRICT ACTIVITY FUNDS  
Schedule of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
Atchison Middle School	\$ 193	\$	\$ 10,215	\$ 9,558	\$ 850	\$	\$ 850
Atchison High School	12,546		97,225	98,773	10,998		10,998
Total gate receipts	<u>12,739</u>	<u>\$ -</u>	<u>\$ 107,440</u>	<u>\$ 108,331</u>	<u>\$ 11,848</u>	<u>\$ -</u>	<u>\$ 11,848</u>
District Activity Funds							
Atchison High School							
Art-instructional	5,508		1,699	964	6,243		6,243
A+ program	146		-	-	146		146
Business	1,406		-	-	1,406		1,406
Counseling	231		2,724	2,846	109		109
Drama Club	45		-	8	37		37
Drama	1,273		11,143	11,342	1,074		1,074
Driver education	5,390		13,586	17,125	1,851		1,851
English	7,467		2,400	-	9,867		9,867
Faculty lounge	108		-	68	40		40
Food service miscellaneous	13		-	-	13		13
Forensics	606		3,030	3,635	1		1
Industrial arts-wood	468		4,452	4,494	426		426
Library	624		896	954	566		566
Math	13,732		2,455	6,607	9,580		9,580
Music-instrumental	5,261		2,179	4,971	2,469		2,469
Music-Vocal	12,522		15,116	16,772	10,866		10,866
Large Group Music Festival	977		2,765	2,135	1,607		1,607
Newspaper-Optimist	258		-	-	258		258
Participation	165		4,394	4,127	432		432
Positive behavior system	340		-	241	99		99
Redman restaurant	342		-	39	303		303
Robotics	365		542	621	286		286
Science	6,524		5,599	3,269	8,854		8,854
Social science	2,335		3,196	2,348	3,183		3,183
Technology	-		5,004	1,589	3,415		3,415
Textbook	-		8,000	2,725	5,275		5,275
Yearbook	108		3,404	-	3,512		3,512
Subtotal Atchison High School	<u>66,214</u>	<u>-</u>	<u>92,584</u>	<u>86,880</u>	<u>71,918</u>	<u>-</u>	<u>71,918</u>

USD #409 ATCHISON, KANSAS  
DISTRICT ACTIVITY FUNDS  
Schedule of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Atchison Middle School</b>							
All school fundraiser	\$ 343	\$ -	\$ -	\$ 96	\$ 247	\$ -	\$ 247
Art	2,652		1,659	2,209	2,102		2,102
AMS Memory Book	2,217		2,650	1,169	3,698		3,698
AMS Reward	-		4,680	4,635	45		45
Faculty lounge	739		827	1,077	489		489
Honor choir	1,605		6,163	5,009	2,759		2,759
Instrumental fundraiser	17		1,033	791	259		259
Library	571		2,266	2,017	820		820
Participation	660		2,820	1,440	2,040		2,040
Petty cash	998		630	1,130	498		498
Sped life skills	171		-	-	171		171
Staff development	49		-	-	49		49
Technology fee	515		1,633	2,148	-		-
<b>Subtotal Atchison Middle School</b>	<b>10,537</b>	<b>-</b>	<b>24,361</b>	<b>21,721</b>	<b>13,177</b>	<b>-</b>	<b>13,177</b>
<b>Atchison Elementary School</b>							
Atchison Singers	703		1,397	1,399	701		701
Behavior award	100		117	217	-		-
Book fair	1,249		6,336	7,164	421		421
Community Club for staff	2,752		624	1,308	2,068		2,068
Community Club field trip	341		4,528	4,788	81		81
Petty Cash	1		999	859	141		141
General	1,000		22,186	20,704	2,482		2,482
Library	325		-	141	184		184
Pencil & Paper	157		115	39	233		233
Pond	433		-	151	282		282
Success For All	849		-	172	677		677
Technology	-		5,780	296	5,484		5,484
Physical Education	-		6	-	6		6
T-shirts	-		9	-	9		9
Yearbooks	-		2,256	2,256	-		-
<b>Subtotal Atchison Elementary School</b>	<b>7,910</b>	<b>-</b>	<b>44,353</b>	<b>39,494</b>	<b>12,769</b>	<b>-</b>	<b>12,769</b>
<b>Total District Activity Funds</b>	<b>\$ 97,400</b>	<b>\$ -</b>	<b>\$ 268,738</b>	<b>\$ 256,426</b>	<b>\$ 109,712</b>	<b>\$ -</b>	<b>\$ 109,712</b>



USD #409 ATCHISON, KANSAS  
 AGENCY FUNDS  
 Summary of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended June 30, 2018

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Payroll liabilities				
Revolving	\$ <u>64,522</u>	\$ <u>99,722</u>	\$ <u>92,471</u>	\$ <u>71,773</u>
	x			
Atchison High School				
Arts Club	3,510	-	594	2,916
Cheerleaders	4,928	22,304	24,775	2,457
Graduated Students	1	-	-	1
Senior class	1,724	1,440	2,520	644
Junior class	749	4,766	4,191	1,324
Sophomore class	1,805	859	923	1,741
Freshman class	578	319	380	517
DECA club	6,938	11,576	10,418	8,096
Student Ambassadors	3,131	5,413	7,548	996
National Honor Society	439	1,788	1,980	247
Newspaper	448	-	279	169
FCCLA	1,725	744	1,159	1,310
Sash	1,515	595	1,014	1,096
FACS	130	1,591	1,720	1
Sales Tax	390	5,454	5,236	608
Spanish Club	41	-	-	41
Student Council	260	247	293	214
RADD	916	900	820	996
YoDVD	<u>887</u>	<u>610</u>	<u>574</u>	<u>923</u>
Subtotal Atchison High School	<u>30,115</u>	<u>58,606</u>	<u>64,424</u>	<u>24,297</u>
Atchison Alternative School				
Activities	<u>927</u>	<u>1,280</u>	<u>1,306</u>	<u>901</u>
Subtotal Atchison Alternative School	<u>927</u>	<u>1,280</u>	<u>1,306</u>	<u>901</u>

USD #409 ATCHISON, KANSAS  
 AGENCY FUNDS  
 Summary of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended June 30, 2018

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Atchison Middle School				
6th Grade Fundrais	\$ 540	\$ 4,947	\$ 5,029	\$ 458
7th Grade Fundraiser	1,387	2,681	3,729	339
8th Grade Fundraiser	4,348	4,753	9,101	-
Activity Fundraiser	579	-	7	572
Athletic Fundraiser	10	-	-	10
Kay Club	324	8,559	835	8,048
Lion's Club	4,063	3,078	3,099	4,042
Laminating film	544	824	1,293	75
Project Move	195	-	107	88
Science Olympiad	195	-	150	45
Spirit Squad	14	205	219	-
Sales Tax	356	598	598	356
iPad repair	214	727	941	-
Food Service AlaCarte	1,444	1,050	2,494	-
Misc. Food Service	176	-	-	176
Principals Account	795	1,289	968	1,116
Lockers	384	-	115	269
Student Activity	1,117	1,557	610	2,064
T Enrollment	5,004	5,577	10,581	-
T Replacement	-	26	26	-
BB Tourney	689	-	1	688
Camera:Memory Book	44	-	-	44
Unity Committee	-	290	13	277
Student Council	2,420	-	139	2,281
Subtotal Atchison Middle School	24,842	36,161	40,055	20,948
Atchison Elementary School				
Student Council	2,668	432	-	3,100
Gift Fund	-	94	22	72
Charlie Fund	1,402	25	40	1,387
Sales Tax	1,307	1	-	1,308
Subtotal Atchison Elementary School	5,377	552	62	5,867
Total	\$ 125,783	\$ 196,321	\$ 198,318	\$ 123,786

...**KL**...

**Karlin & Long, LLC**  
*Certified Public Accountants*

Board of Education  
Unified School District No. 409  
Atchison, Kansas

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units of Unified School District No. 409 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Unified School District No. 409's basic financial statement, and have issued our report thereon dated December 3, 2018.

The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unmodified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered Unified School District No. 409, Atchison, Kansas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 409, Atchison, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 409, Atchison, Kansas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Unified School District No. 409's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Karlin & Long, LLC  
Certified Public Accountants

December 3, 2018

...KL...

**Karlin & Long, LLC**  
*Certified Public Accountants*

Board of Education  
Unified School District No. 409  
Atchison, Kansas

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

**Report on Compliance for Each Major Federal Program**

We have audited United School District No. 409's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the United School District No. 409's major federal programs for the year ended June 30, 2018. United School District No. 409's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the United School District No. 409's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the United School District No. 409's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the United School District No. 409's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the United School District No. 409, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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## ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

United School District No. 409's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. United School District No. 409's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Management of the United School District No. 409, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the United School District No. 409's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the United School District No. 409's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Karlin & Long, LLC  
Certified Public Accountants  
December 3, 2018

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/> U.S. Department of Education			
<b>Passed through State Department of Education</b>			
<b>Special Education Cluster:</b>			
Title I	84.010	*	\$ 438,704
EHC Flo-Thru	84.027	*	489,515
Program Improvement	84.048	*	20,298
EC Flo-Thru	84.173	*	22,437
Rural Low Income Schools	84.358	*	29,284
Title II - Teacher Quality	84.367	*	62,618
ESSA Student Support	84.424	*	1,249
Total Department of Education Cluster			<u>1,064,105</u>
<hr/> U.S. Department of Agriculture			
<b>Passed through State Department of Education:</b>			
<b>Child Nutrition Cluster</b>			
School Breakfast Program	10.553	*	140,129
National School Lunch Program	10.555	*	471,446
SFS - Food	10.559	*	25,886
Federal School Food Service	10.560	*	11,210
Fresh Fruits and Vegetables	10.582	*	25,294
Total Child Nutrition Cluster			<u>673,965</u>
Total Department of Agriculture Cluster			<u>673,965</u>
<hr/> U.S. Department of Health and Human Services			
<b>Passed through State Department of Education:</b>			
Youth Risk Behavior Survey	93.868	*	150
Total Federal Assistance			<u>\$ 1,738,220</u>

\* Not available

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended June 30, 2018

A. Summary of Audit Results

1. The auditor's report expresses an Adverse Opinion on the financial statements of Unified School District #409 in accordance with Generally Accepted Accounting Principles. The auditor's report expresses an Unmodified Opinion on the financial statements in accordance with the regulatory basis.
2. No significant deficiencies relating to the audit of the general purpose financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statement of Unified District #409 were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit that would be required to be reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weakness are reported.
5. The auditor's report on compliance for the major federal award programs for Unified School District #409 expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs included:  
Department of Education  
Special Education Clusters CFDA No. 84.027, 84.173 and Child Nutrition Cluster CFDA No. 10.555
8. Unified School District #232 was determined not to be a low-risk auditee.
9. The threshold for distinguishing types A and B programs was \$750,000.

B. Findings – Financial Statement Audit  
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit  
Department of Education  
EHC Flo-Thru 84.027 and EC Flo Thru 84.173

No findings of noncompliance or questioned costs were noted.



UNFIED SCHOOL DISTRICT NO. 409  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018

**2017-001 Financial Reporting**

None

UNFIED SCHOOL DISTRICT NO. 409  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018

**2018-001 Financial Reporting**

None

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2018

**NOTE 1 – Basis of Accounting**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Unified School District No. 409 under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements Title 2 U.S. Code of federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principal, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a select portion of the operations of Unified School District No. 409, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Unified School District No. 409.

**NOTE 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on a regulatory basis of accounting as described in the *Kansas Municipal Audit and Accounting Guide* (KMAAG). The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities, or deferred inflows or outflows, other than mentioned above. Expenditures as reported on the Schedule are recognized under the basis described above and follow the cost principles contained in the Uniform Guidance regarding *Cost Principles* where in certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2018

**NOTE 3 – Indirect Costs**

Unified School District No 409 has elected not to use the 10 percent de minimis indirect cost rate allowed under uniform guidance.